

AGN. NO. 15  
MOTION BY SUPERVISOR MICHAEL D. ANTONOVICH  
AUGUST 9, 2005

**RELATED TO ITEM #15**

The Grand Avenue Implementation Plan under consideration by the Board of Supervisors is a concept plan that regrettably leaves many questions unanswered. Despite two years of discussions about the project, it was only in the past two weeks that the Board was provided with an appraisal, one commissioned by the developer and not the County. The Board has no independent risk analysis, no outside marketing study, and no third-party review of a developer pro-forma. The terms of the ground lease and development agreement remain to be negotiated. The amount of total public subsidy is not quantified. Finally, there is relatively little information about the much-touted Civic Park, the primary selling point for the entire project.

Given the information submitted to the Board, it is clear that County analysts have concerns about the financial terms of the project. In the Board letter the CAO states that a potential County subsidy "has yet to be determined and would be the subject of further negotiations." A report by an outside economist notes that "this project is definitely not a revenue-maximizing plan for the landowner." The County-owned land atop Bunker Hill is property that the Board of Supervisors holds in trust for the 11 million tax-paying residents of the County of Los Angeles. It has been suggested that today's vote is merely to approve a concept and that all of the deal points will be considered later. This reasoning is flawed, in the sense that an endorsement today presumes approval of ground leases and a development agreement that have not been negotiated and are only identified in broad terms. Furthermore, the extent of public subsidy has not been quantified, and only within the past week did the County receive a request for a \$16.4 million subsidy to the developer. The combination of these factors argues in favor of further analysis and deliberation before the Board commits to the Grand Avenue Project.

I, THEREFORE, MOVE that the Board of Supervisors:

- Send a five-signature letter to the Grand Avenue Committee requesting that it re-negotiate the terms of the Grand Avenue Project agreements to maximize revenue for the County.
- Direct the Chief Administrative Officer to send a letter to the City of Los Angeles CRA indicating that the County will not provide a \$16.4 million subsidy to the project.
- Direct the Chief Administrative Officer to prepare a peer review or alternate independent analysis of the appraisal provided by The Related Companies and report back to the Board within 60 days.
- Direct the Chief Administrative Officer to prepare an independent risk analysis that analyzes market risk, potential escalating construction costs,

and a thorough identification of all proposed and future City, CRA, and County subsidies that would be committed to the project, including any fee waivers provided by the County or City.

- Indicate the Board's intent to extend the authority of the Grand Avenue Committee, and any other associated deadlines relative to the Grand Avenue Project, for ninety days.

MDA:pno  
grandavenue8-9-05